

Senate File 520 - Reprinted

SENATE FILE 520
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 463)
(SUCCESSOR TO SSB 1154)

(As Amended and Passed by the Senate April 13, 2011)

A BILL FOR

1 An Act providing for an electric or natural gas vehicle
2 facility tax credit and including effective date and
3 applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, Code 2011, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 54. *a.* A taxpayer taking a depreciation
4 allowance under section 168 of the Internal Revenue Code for
5 property described in section 422.11Y is not allowed to take
6 the allowance to the extent that a tax credit is taken for the
7 purchase of the property under section 422.11Y.

8 *b.* A taxpayer taking an expensing allowance under section
9 179 of the Internal Revenue Code for property described in
10 section 422.11Y is not allowed to take the allowance to the
11 extent that a tax credit is taken for the purchase of such
12 property under section 422.11Y.

13 *c.* This subsection is repealed on January 1, 2019.

14 Sec. 2. NEW SECTION. 422.11Y **Electric or natural gas**
15 **vehicle facility tax credit.**

16 1. As used in this section, "*motor vehicle*" means the same
17 as defined in section 322.2.

18 2. The taxes imposed under this division, less the credits
19 allowed under section 422.12, shall be reduced by an electric
20 or natural gas vehicle facility tax credit. In order to be
21 eligible to claim the tax credit, the taxpayer must comply with
22 this section and rules adopted by the department necessary to
23 administer and enforce this section.

24 3. *a.* The taxpayer claiming the tax credit on a commercial
25 basis as provided in this section must construct, install, and
26 place in service any of the following:

27 (1) An electric vehicle facility which serves a motor
28 vehicle that is designed by a manufacturer to operate using
29 electricity.

30 (2) A natural gas vehicle facility which serves a motor
31 vehicle that is designed by a manufacturer to operate using
32 compressed natural gas.

33 *b.* The taxpayer claiming the tax credit on a residential
34 basis as provided in this section must construct, install, and
35 place in service an electric vehicle facility which serves a

1 motor vehicle that is designed by a manufacturer to operate
2 using electricity.

3 4. *a.* After verifying the eligibility for an electric or
4 natural gas vehicle facility tax credit as provided in this
5 section, the department of revenue shall issue the taxpayer an
6 electric or natural gas vehicle facility tax credit certificate
7 which must be attached to the taxpayer's tax return. An
8 electric or natural gas vehicle facility tax credit certificate
9 shall include all of the following:

10 (1) The taxpayer's name, address, tax identification
11 number, and any other information required by the department
12 of revenue.

13 (2) A description of the infrastructure, equipment, or
14 machinery being purchased and installed which is eligible for
15 the tax credit to be claimed on the taxpayer's tax return.

16 (3) The amount of the tax credit being claimed.

17 *b.* The department shall adopt rules establishing criteria
18 for the receipt of applications for electric or natural gas
19 vehicle facility tax credit certificates and the issuance of
20 those certificates. A tax credit certificate shall be issued
21 in the taxpayer's name and shall expire on or after the last
22 day of the taxable year for which the taxpayer is claiming the
23 tax credit. A tax credit certificate is nontransferable.

24 *c.* The aggregate amount of electric or natural gas vehicle
25 facility tax credit certificates that may be issued pursuant
26 to this section shall not exceed five million dollars for all
27 tax years that the tax credit is available under this section.
28 The department shall issue the tax credit certificates on a
29 first-come, first-served basis to qualified applicants.

30 5. An electric or natural gas vehicle facility is limited
31 to infrastructure, equipment, or machinery used to store,
32 dispense, dry, and meter compressed natural gas or electricity.
33 For compressed natural gas, it may include pipes, compressors,
34 dryers, or vaporizers. For electricity, it may include
35 charging equipment, infrastructure, or batteries.

1 6. The amount of the electric or natural gas vehicle
2 facility tax credit equals thirty percent of the cost to the
3 taxpayer of purchasing the infrastructure, equipment, or
4 machinery and thirty percent of the cost to the taxpayer of
5 installing the infrastructure, equipment, or machinery.

6 7. The electric or natural gas vehicle facility must comply
7 with any applicable federal and state standards and the latest
8 applicable and available A.S.T.M. international specifications.

9 8. The electric or natural gas vehicle facility tax credit
10 may be claimed by a person on a commercial or residential basis
11 as follows:

12 a. A person may claim the tax credit on a commercial basis,
13 if the electric or natural gas vehicle facility is part of a
14 business selling qualified electricity or compressed natural
15 gas on a retail basis, or may claim the tax credit if the
16 electric or natural gas vehicle facility is used by a business
17 for its own vehicle fleet or employees. The tax credit must
18 be taken in equal installments in three consecutive tax years,
19 beginning with the tax year in which the electric or natural
20 gas vehicle facility is placed in service. If any part of
21 the electric or natural gas vehicle facility is taken out of
22 service and not immediately replaced, the tax credit expires
23 and the taxpayer cannot take any remaining installment of the
24 tax credit.

25 b. A person may claim the tax credit on a residential basis
26 only for an electric vehicle facility that is for personal,
27 family, household, or farm use. The entire amount of the tax
28 credit must be claimed in the tax year in which the electric
29 vehicle facility is first placed in service.

30 9. Any tax credit in excess of the taxpayer's tax liability
31 shall be refunded. In lieu of claiming a refund, the taxpayer
32 may elect to have the overpayment shown on the retail dealer's
33 final, completed return credited to the tax liability for the
34 following tax year.

35 10. An individual may claim the tax credit allowed a

1 partnership, limited liability company, S corporation, estate,
2 or trust electing to have the income taxed directly to the
3 individual. The amount claimed by the individual shall be
4 based upon the pro rata share of the individual's earnings of
5 the partnership, limited liability company, S corporation,
6 estate, or trust.

7 11. A person shall not claim a tax credit under this section
8 for an electric or natural gas vehicle facility that was placed
9 in service on or after January 1, 2015. However, a person
10 claiming the tax credit on a commercial basis who placed the
11 electric or natural gas vehicle facility in service prior to
12 January 1, 2015, may continue to claim the tax credit for
13 tax years ending on or after January 1, 2015, as provided in
14 subsection 6, paragraph "a".

15 12. This section is repealed on January 1, 2019.

16 Sec. 3. Section 422.33, Code 2011, is amended by adding the
17 following new subsection:

18 NEW SUBSECTION. 11D. The taxes imposed under this division
19 shall be reduced by an electric or natural gas vehicle facility
20 tax credit for each tax year that the taxpayer is eligible to
21 claim the tax credit under this subsection.

22 a. The taxpayer must claim the tax credit on a commercial
23 basis or residential basis in the same manner as provided
24 in section 422.11Y. The taxpayer must claim the tax credit
25 according to the same requirements, for the same amount, and
26 for the same period as provided in section 422.11Y. The amount
27 of the tax credit shall be calculated in the same manner as
28 provided in section 422.11Y. A taxpayer claiming a tax credit
29 on a commercial basis is subject to the same penalty for taking
30 the electric or natural gas vehicle facility out of service as
31 provided in section 422.11Y.

32 b. This subsection is repealed on January 1, 2019.

33 Sec. 4. Section 422.35, Code 2011, is amended by adding the
34 following new subsection:

35 NEW SUBSECTION. 15. a. A taxpayer taking a depreciation

1 allowance under section 168 of the Internal Revenue Code for
2 property described in section 422.33, subsection 11D, is not
3 allowed to take the allowance to the extent that a tax credit
4 is taken for the purchase of the property under section 422.33,
5 subsection 11D.

6 *b.* A taxpayer taking an expensing allowance under section
7 179 of the Internal Revenue Code for property described in
8 section 422.33, subsection 11D, is not allowed to take the
9 allowance to the extent that a tax credit is taken for the
10 purchase of such property under section 422.33, subsection 11D.

11 *c.* This subsection is repealed on January 1, 2019.

12 Sec. 5. EFFECTIVE DATE. This Act takes effect January 1,
13 2012.

14 Sec. 6. APPLICABILITY. This Act applies to tax years
15 beginning on and after January 1, 2012.